

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-09 ISO-00 CAB-05 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 IO-13

AF-08 ARA-10 NEA-10 /086 W

-----070921Z 098037 /11

P R 070629Z APR 77

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC PRIORITY 0167

INFO AMCONSUL MONTREAL

UNCLAS SECTION 1 OF 2 CANBERRA 2425

MONTREAL FOR US REP ICAO

E.O. 11652: N/A

TAGS: EAIR, ICAO, AS

SUBJ: GAO VIEWS - ICAO SPECIAL AIR TRANSPORT CONFERENCE

REF: STATE 68717

1. EMBASSY HAS REVIEWED U.S. STATEMENT STATE 68717 WITH JOHN ROWLAND, FIRST ASSISTANT SECRETARY, POLICY DIVISION, DEPARTMENT OF TRANSPORT. ROWLAND HAS FURNISHED US WITH INFORMAL AND UNOFFICIAL STATEMENT OF REACTIONS, WHICH WE ARE TRANSMITTING IN FULL IN PARA 4 BELOW.

2. ROWLAND WILL LEAD GOA DELEGATION TO ICAO CONFERENCE, SUPPORTED BY GAO ICAO REP AND OTHER DELEGATION MEMBERS ASSIGNED FROM AUSTRALIAN DIPLOMATIC MISSIONS IN FORTH AMERICA. JOHN TAPLIN, DEPUTY SECRETARY, DEPARTMENT OF TRANSPORT PREVIOUSLY SCHEDULED TO LEAD DELEGATION BUT DETAINED IN CANBERRA BY PRESSURE OF OTHER ASSIGNMENTS.

3. IN A GENERAL COMMENT, ROWLAND INDICATED GOA IS DOUBTFUL OVER PROSPECT FOR MAJOR ACCOMPLISHMENTS AT UPCOMING CONFERENCE, IN VIEW OF ITS TIMING, INCLUDING EARLY STAGE OF
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NEW U.S. ADMINISTRATION, AND STATUS OF U.S.-U.K. CIVIL AIR NEGOTIATIONS. REFERRING TO HIS INFORMAL COMMENTS, QUOTED BELOW, HE EMPHASIZED THAT THEY NATURALLY TEND TO STRESS AREAS OF DIVERGENCE BETWEEN GOA AND U.S.G. ATTITUDES, AND THAT WIDESPREAD AREAS OF AGREEMENT OBVIOUSLY EXIST. WIDEST AREAS OF DIVERGENCE, AS DEPARTMENT IS WELL AWARE, LIE IN AREAS OF REGULATION OF CAPACITY. ROWLAND ALSO ASKED US TO EMPHASIZE

THAT THESE ARE INFORMAL INITIAL REACTIONS, AND THAT FINAL GOA POSITIONS DEVELOPED FOR CONFERENCE MAY DIFFER IN ONE OR MORE RESPECTS.

4. FOLLOWING IS TEXT OF INFORMAL MEMORANDUM OF COMMENT ROWLAND PREPARED ON U.S. PAPER STATE 068717:

BEGIN QUOTE AUSTRALIA AGREES THAT THE FOUR AGENDA ITEMS ARE INTEGRALLY RELATED, EACH TO THE OTHER. IT ALSO ACCEPTS THE VIEW THAT AIR ROUTES AND TRAFFIC RIGHTS WILL CONTINUE TO BE RELATED BY GOVERNMENTS IN BILATERAL AGREEMENTS.

QUOTE UNDER SUCH A REGIME COMPETITION IS SERIOUSLY CURTAILED AND IN SOME SITUATIONS A SIMPLE MONOPOLISTIC POSITION CAN OBTAIN. PRICE FOR SCHEDULED AIR SERVICES HAS BEEN DETERMINED IN LARGE PART BY THE CARRIERS, ALBEIT OFTEN WITH EXPLICIT OR TACIT INVOLVEMENT BY GOVERNMENTS AND SUBJECT FURTHER TO THE SANCTION OF GOVERNMENT APPROVAL.

QUOTE IN THIS SITUATION AIRLINES HAVE TENDED TO RESORT TO THE PROVISION OF EXCESS CAPACITY AS A COMPETITIVE TOOL.

QUOTE THE AUSTRALIAN GOVERNMENT HAS LONG BEEN CONCERNED WITH THIS DEVELOPMENT. IT APPRECIATES THAT REGULATORY ARRANGEMENTS CONSIDERED APPROPRIATE AND SUITABLE BY ONE STATE MAY NOT BE ACCEPTED BY ANOTHER. THE AUSTRALIAN APPROACH IS CONDITIONED BY GEOGRAPHY AND THE FACT THAT IS IS USUALLY THE TERMINAL POINT FOR, IN THE MAIN, LONG DISTANCE ROUTES TO CENTERS OF MAJOR TRADE, POLITICAL AND TRAVEL INTEREST TO UNCLASSIFIED

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AUSTRALIA.

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INFO OCT-01 EUR-12 EA-09 ISO-00 CAB-05 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 AF-08

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MONTREAL FOR US REP ICAO

QUOTE AUSTRALIA CONSIDERS PUBLIC INTEREST CONSIDERATIONS REQUIRE THE PROVISION OF REGULAR SCHEDULED SERVICES WITH THE FURTHER OBJECTIVE THAT FARES AND RATES SHOULD BE SET AT THE LOWEST POSSIBLE LEVEL, BOTH TO BENEFIT AUSTRALIAN CITIZENS AND TO ENCOURAGE VISITORS TO AUSTRALIA CONSISTENT WITH COMMERCIALLY VIABLE OPERATION BY CARRIERS. IT IS CONSIDERED THESE OBJECTIVES CAN BEST BE ACHIEVED BY RATIONALIZATION OF SERVICES, THE MAINTENANCE OF HIGHEST POSSIBLE CAPACITY UTILIZATION, THE ENCOURAGEMENT OF INNOVATION AND ACCEPTANCE OF TECHNOLOGICAL ADVANCES AND BY DIRECT GOVERNMENT CONTROLS TO ENSURE THAT THE BENEFITS OBTAINED FROM THESE REGULATORY ARRANGEMENTS ARE PASSED TO THE CONSUMER. FOR THIS REASON PREDETERMINATION OF CAPACITY IN AIR SERVICES AGREEMENTS OR IN COMMERCIAL ARRANGEMENTS BETWEEN AIRLINES, PROVIDED THE PROVISIONS OF THESE ARE CAREFULLY CONSIDERED AND APPROVED BY GOVERNMENTS, IS APPROPRIATE TO ACHIEVE THIS END. PROPER CAPACITY UTILIZATION WOULD SUBSTANTIALLY DIMINISH ONE OF THE PRINCIPAL REASONS FOR TARIFF VIOLATION AND THE ESTABLISHMENT OF SATISFACTORY CAPACITY CONTROL ARRANGEMENTS WOULD LESSEN THE TARIFF ENFORCEMENT PROBLEM.

QUOTE APPROPRIATE PRICING MECHANISMS ARE AN ESSENTIAL
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COMPLEMENTARY TOOL TO ACHIEVE MAXIMUM CAPACITY UTILIZATION. SCHEDULED CARRIERS HAVE THE CAPACITY TO PRICE DIFFERENTIATE THEIR MARKETS AND INFLUENCE DEMAND AND INNOVATION AND EXPERIMENTATION SHOULD BE ENCOURAGED IN THIS AREA, PARTICULARLY FOR POINT TO POINT TRAVEL. IT IS CONSIDERED THAT TRAVEL AT PRICES COMPETITIVE WITH THOSE ON NONSCHEDULED SERVICES SHOULD BE POSSIBLE FOR TRAVELLERS PREPARED TO ACCEPT CERTAIN CONDITIONS ON FARES. IT IS POSSIBLE THAT SUCH ARRANGEMENTS TO ENCOURAGE NEW TRAVELLERS ARE NOT THE FUNCTION OF CHARTER SERVICES ALONE. THE QUESTION OF COST ALLOCATION IN PROMOTIONAL FARES AND SUBSIDIZATION OF ONE CLASS OF PASSENGERS BY ANOTHER IS ONE OF WHICH VIEWS MAY DIFFER AND COULD PROBABLY USEFULLY BE EXPLORED DURING THE CONFERENCE.

QUOTE THE AUSTRALIAN DEPARTMENT OF TRANSPORT VALUES THE OPPORTUNITY TO CONSIDER THE U.S. STATEMENT ON AGENDA ITEMS FOR THE SPECIAL AIR TRANSPORT CONFERENCE. FROM THE COMMENTS ABOVE

IT WILL BE APPRECIATED THAT THERE IS MUCH COMMON GROUND
BETWEEN THE AUSTRALIAN VIEW OF THE AGENDA AND THAT OF
THE U.S., ALTHOUGH THERE IS PROBABLY A DEPARTURE OF VIEW ON
THE QUESTION OF CAPACITY WHICH AUSTRALIA MUST, FOR THE
REASONS GIVEN ABOVE, APPROACH FROM A DIFFERENT STANDPOINT
FROM THAT OF THE U.S. THE AUSTRALIAN DELEGATION LOOKS FORWARD
TO WORKING WITH THE U.S. DELEGATION TO ASSIST TO CONTRIBUTE
TOWARDS THE DEVELOPMENT OF SOLUTIONS TO THE PROBLEMS WHICH
PROVOKED THE CONVENING OF THIS SPECIAL CONFERENCE. UNQUOTE.
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Disposition Approved on Date:
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Disposition Comment:
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Disposition Event:
Disposition History: n/a
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